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OLC 73-0413

30 March 1973

MEMORANDUM FOR THE RECORD

SUBJECT: New Requirements for Impact on CIA Retirement Fund Data

1. In a followup conversation with Frank Slatinshek, Chief Counsel, House Armed Services Committee, after our hearing this morning before the Special Subcommittee on Intelligence, he reminded me of the need for projections along the lines that Chairman Nedzi pursued with the Director regarding the number of people eligible for retirement under CIARDS who we anticipate will be retiring (voluntarily or involuntarily) not only for this year but for subsequent years. Slatinshek feels that this material ties into understanding the ramifications of the quota relief on the financial soundness of the fund. (Excerpt from transcript attached.)
2. These projections relate to the general responsibility of the Subcommittee for assuring that the integrity of the Fund is maintained, and specifically to defending the quota relief in the Subcommittee report and on the floor through a showing that the Subcommittee is not shirking its responsibility. (If security permits, they would like to be able to use these projections publicly.)
3. We are scheduled to appear before the full Senate Armed Services Committee on the legislation next Thursday, 5 April, at 10 a.m. Ed Braswell, Chief Counsel for the Committee, has made it clear that the actuarial soundness of the Retirement Fund, the impact of the bill, and earlier retirement ages, etc., will be of principal interest.
4. In view of the Director's promise to Chairman Nedzi this morning and the upcoming session with the Senate Committee, it is clear that the data in the "Impact on Fund" statement in the legislative package should be reviewed and updated to reflect, at the minimum, the data in the Director's remarks to the Subcommittee on future personnel strength, projected number of participants in the system, projected average age of retirement, length of service, and high-three levels. This information should be fed to [] the actuary, to see what he can come up with, as soon as possible.

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5. Finally, [] OPPB, says the Director wants whatever we come up with put on charts.

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6. I have alerted [] Finance, to the general requirement and to the fact that Mr. Brownman will be looking to Finance for some answers. [] is gathering statistical data, but will need help on the projections from Mr. Fisher.

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Assistant Legislative Counsel

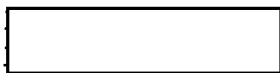
Att.

Distribution:

Orig. - Subj.

1 - Mr. Brownman

1 - Mr. Fisher



1 - Mr. Wattles

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1 Mr. Slatinshek. Yes, sir.

2 The Director has pointed out that he is concerned
3 with the fact that the average age of employees in the
4 Agency has gone up, and he feels that for greater productivity
5 and better quality in the Agency, and taking the long-term
6 look, it will be advantageous to make efforts to reduce
7 this age, and he is taking one of those steps now in
8 reducing, eliminating, or retiring some of these employees.

9 But this represents a very substantial change
10 in your personnel policies at the Agency. It would suggest
11 to me, at least, that individuals going into this special
12 retirement system will for the most part look forward to a
13 career of 20 years, rather than 30, or something even more
14 than that.

15 As a consequence, your projections on your funds and the
16 inputs into the fund, ought to be looked at very
17 carefully by this committee, certainly into the future,
18 and if the Agency could provide some projections to the
19 committee as to the actuarial soundness of the fund, as to whether
20 or not larger contributions will be required, or whether or
21 not we have to make some changes, because it is this committee
22 and the Armed Forces Committee of the Senate that have the
23 primary responsibility for the soundness of this retirement
24 system.

25 If you could provide that to us, with projections on the

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1 number of people who will be eligible for retirement on into
2 the future, this would be helpful to us.

3 Dr. Schlesinger. We shall do that for you, Mr.
4 Slatinshek. We are faced with an immediate measure.

5 Now, in the past, the average age of people under the
6 retirement system who would leave, the average period of
7 service might be 24 years, and this effect might be
8 to reduce it say to 21 years.

9 I am not saying that it will. What we are dealing with
10 is an accumulation of employees who came in in the early
11 1950's and the late 1940's, to some extent, who are coming
12 in at that time at the rate of 2,000 and 3,000 a year. So
13 unless we are able to deal with that group, which is now
14 bunched up, as it were, just close to the retirement
15 period -- but this is a bulge in the system, and it does
16 not affect the equilibrium flow necessarily to the extent
17 that your question explores.

18 Mr. Nedzi. Dr. Schlesinger, in order to give us some more
19 positive facts on which to argue for 2100, I think we
20 need some better explanation of why it shouldn't be 1700.
21 I understand your desire to have the extra elbow room, but on
22 the other hand, it may be difficult for us to sell 2100, when
23 1700 will do the job.

24 will have to make. We feel a number of 1700 probably is